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SUMMARY OF PRESENT FEDERAL EXCISE TAXES

PREPARED FOR THE

COMMITTEE ON WAYS AND MEANS
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AND THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

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INTRODUCTION

This pamphlet, prepared by the staff of the Joint Committee on Taxation, provides a summary of present Federal excise taxes. It also shows recent historical trends in Federal excise tax collections and projected excise tax revenues. The pamphlet is intended to provide summary information on Federal excise taxes for Members of the House Committee on Ways and Means, the Senate Committee on Finance, and other Members of Congress.

Part I of the pamphlet is an overview of Federal excise taxes, with a brief discussion of the types of Federal excises and how some of the excises are earmarked for certain expenditure purposes. Part II is a summary of present Federal excise taxes by category: organized into 13 categories, plus a category of miscellaneous excises. The summary of each excise tax category indicates whether the revenues from the tax go into the general fund or into a trust fund or other special fund. Part III presents data on recent trends in Federal excise tax revenues for selected fiscal years, 1970–1981, and estimated revenues or fiscal years 1982 and 1983 under present law.

A forthcoming staff pamphlet will provide additional background information regarding Federal excise taxes, including an historical survey of major Federal excise tax changes, a more detailed description of present law excise taxes and the applicable trust funds, and legislative history of the specific excise taxes.

I. OVERVIEW OF FEDERAL EXCISE TAXES

Types of Federal excise taxes

The Internal Revenue Code of 1954, as amended, provides for more than 50 different excise taxes (Code subtitles D and E). In general, these are taxes imposed on the manufacture, sale or use of a particular commodity or service. Occupational taxes and penalty taxes [1] imposed on certain other activities (e.g., certain prohibited transactions of pension plans and self-dealing transactions of private foundations) are also provided as excise taxes.

Where an excise tax applies to a manufacture, sale or use, the rate of tax is a prescribed dollar amount per commodity unit (e.g., 4 cents per gallon of gasoline), a prescribed percentage of the selling price, or a variant of these basic structures. A partial listing of commodities or services to which an excise tax applies includes certain diesel fuel, truck bodies and parts, gas guzzling automobiles, tires, inner tubes, gasoline, lubricating oils, coal, fishing equipment, bows and arrows, firearms and ammunition, telephone service, airline passenger tickets, wagers, certain chemicals, crude oil, distilled spirits, wines, beers, cigars, and cigarettes.

Where an excise tax is an occupational tax, the tax is imposed as an annual amount (e.g., $123 per year for wholesale dealing in beer). Such taxes apply to certain occupations involving wagers, alcoholic beverages, and firearms.

Excise tax revenues

In fiscal year 1980, Federal excise tax revenues (excluding the windfall profit tax) amounted to $18.37 billion. Eighty percent of this amount was collected from the six excise taxes imposed on gasoline, distilled spirits, cigarettes, airline passenger tickets, beer, and telephone service. Excise tax revenues for fiscal year 1980 including the windfall profit tax were $24.33 billion.

The relative importance of excise taxes (other than the windfall profit tax) to the Federal budget has diminished over the past two decades. In fiscal year 1960, excise tax collections accounted for 13 percent of net budget receipts. By fiscal year 1970 this figure had declined to 8 percent, and by 1980, to 4 percent. This trend has been influenced by the repeal of numerous excise taxes in 1965; constant, per-unit tax rates or reduced tax rates for many other excise taxes; and the relative growth of payroll and individual income tax revenues over the period.

State governments have relied on excise taxes more heavily than the Federal Government. In 1980, State government revenues from excise taxes on selected products (principally gasoline, tobacco products, alcoholic beverages, insurance premiums, and public utility services) and general sales amounted to $68.86 billion. These collections

[1] The various penalty excise taxes (chapters 41–44 of the Code) make up 16 of the total excise taxes.

accounted for 32 percent of the own-source revenue of State governments.

Local governments collected $12.07 billion, or 8 percent of their own-source revenue, from excise taxes on selected products and general sales in 1980.

Transfer of revenue to trust funds

In some cases, excise tax revenues are transferred to a trust fund in order to finance specified trust fund expenditures. The general intent of such trust fund excise taxes is to place the excise tax burden on persons who are most likely to benefit from such expenditures or on persons whose activities may have necessitated the expenditures.

Trust funds currently financed (in whole or in part) by certain excise tax revenues are the Black Lung Disability Trust Fund, the Hazardous Substance Response Trust Fund, the Highway Trust Fund, the Inland Waterway Trust Fund, the Land and Water Conservation Fund, and the National Recreational Boating Safety and Facilities Improvement Fund. Present law also provides for the future funding of the Deep Seabed Revenue Sharing Trust Fund and the Post-Closure Liability Trust Fund with certain excise tax revenues. Excise tax collections funded the Airport and Airway Trust Fund from July 1, 1970, through September 30, 1980.

II. SUMMARY OF PRESENT FEDERAL EXCISE TAXES

A. Alcohol Excise Taxes

Overview

Under present law, excise taxes are levied on the production or importation of three types of alcoholic beverages: distilled spirits, wine, and beer. Also, an occupational tax is imposed on the persons involved with the production or marketing of alcoholic beverages.

Revenues collected from the alcohol excise taxes, most of which are from the tax on distilled spirits, go into the general fund of the Treasury.

Tax rates

The following is a summary of the excise tax rates imposed on alcoholic beverages and alcohol occupational taxes.

ALCOHOL BEVERAGE TAXES

Item	Tax rate
Distilled spirits	$10.50 per proof gallon.
Beer	$9.00 per barrel generally.[1]
Still wines:	
Up to 14 percent alcohol	17 cents per wine gallon.
14 to 21 percent alcohol	67 cents per wine gallon.
21 to 24 percent alcohol [2]	$2.25 per wine gallon.
Champagne and sparkling wines	$3.40 per wine gallon.
Artificially carbonated wines	$2.40 per wine gallon.

[1] $7 per barrel for certain small brewers.
[2] Wines containing more than 24 percent alcohol are taxed as distilled spirits.

ALCOHOL OCCUPATIONAL TAXES

Item	Tax rate
Brewers	$110 a year; $55 for less than 500 barrels a year.
Still manufacturers	$55 a year, plus $22 per still.
Wholesale dealers:	
Liquors and wines	$255 a year.
Beer	$123 a year.
Retail dealers:	
Liquors and wines	$54 a year.
Beer	$24 a year.

B. Tobacco Excise Taxes

Overview

Excise taxes are imposed on cigars, cigarettes, and cigarette papers and tubes manufactured in or imported into the United States.

Revenues collected from these tobacco excise taxes, most of which are collected from the tax on small cigarettes, go into the general fund of the Treasury.

Tax rates

The following is a summary of the excise tax rates imposed on tobacco products.

TOBACCO EXCISE TAXES

Item	Tax rate
Cigars:	
Small cigars	75 cents per thousand.
Large cigars	8½ percent of wholesale price, up to $20 per thousand.
Cigarettes:	
Small cigarettes	$4 per thousand (8 cents per pack).
Large cigarettes	$8.40 per thousand.
Cigarette papers	½ cent per 50 papers.
Cigarette tubes	1 cent per 50 tubes.

C. Highway Trust Fund Excise Taxes

Overview

Excise taxes are imposed on certain motor fuels, lubricating oil, trucks and truck trailers, truck parts, tires and tubes, tread rubber, and the use of heavy duty highway vehicles. In general, exemptions from these taxes are provided for nonhighway use.

Under present law, revenues from these highway-related excise taxes are deposited into the Highway Trust Fund through September 30, 1984, after which time these taxes are scheduled (unless otherwise extended) to decline (generally to pre-Trust Fund rates) or to expire.

Tax rates

The following is a summary of present highway-related excise tax rates.

CURRENT HIGHWAY USER EXCISE TAXES AND SCHEDULED RATES OF TAX UNDER PRESENT LAW

Tax	Rate of tax, present law	
	Before Oct. 1, 1984 [1]	After Sept. 30, 1984 [2]
Petroleum products:		
Gasoline	4 cents/gallon	1.5 cents/gallon.
Diesel fuel	4 cents/gallon	1.5 cents/gallon.
Special motor fuels	4 cents/gallon	1.5 cents/gallon.
Lubricating oil	6 cents/gallon	6 cents/gallon.
Trucks and truck parts:		
Trucks and trailers	10 percent of manufacturer's sale price.	5 percent of manufacturer's sale price.
Parts and accessories	8 percent of manufacturer's sale price.	5 percent of manufacturer's sale price.
Tires, tubes and tread rubber:		
Tires for highway vehicles	9.75 cents/pound	4.875 cents/pound.
Laminated tires	1 cent/pound	1 cent/pound.
Other tires	4.875 cents/pound	4.875 cents/pound.
Inner tubes	10 cents/pound	9 cents/pound.
Tread rubber	5 cents/pound	No tax.
Use tax on heavy vehicles	$3 per 1,000 pounds per year, if more than 26,000 pounds.	No tax.

[1] Revenues are deposited into the Highway Trust Fund.
[2] Revenues would be deposited into the general fund of the Treasury, unless the Trust Fund is extended.

D. Aviation Excise Taxes

Overview

The Airport and Airway Revenue Act of 1970 imposed or increased the aviation excise taxes for a 10-year trust fund period, 1970–1980. The Act also established the Airport and Airway Trust Fund for deposit of the aviation-related excise taxes. On October 1, 1980, many of the aviation excise taxes expired or were reduced, and the deposit of the aviation tax revenues into the Trust Fund was terminated at that time.

Currently, there is a 5-percent excise tax on domestic air transportation of persons, the revenues from which go into the general fund of the Treasury. There are also taxes applicable to gasoline used by noncommercial aviation and taxes on aircraft tires and tubes; these revenues currently go into the Highway Trust Fund.

Tax rates

The following table shows the present law aviation excise tax rates and the prior law Trust Fund tax rates.

AVIATION EXCISE TAXES UNDER PRESENT AND PRIOR LAW

Tax	Present rate [1]	Prior Trust Fund rate (July 1, 1970–Sept. 30, 1980)
Air passenger ticket tax	5 percent	8 percent.
Air freight	No tax	5 percent.
International departure tax	No tax	$3 per person.
Fuels tax for noncommercial (general) aviation:		
Gasoline	4 cents/gallon	7 cents/gallon.
Nongasoline	No tax	7 cents/gallon.
Aircraft use tax (annual)	No tax	$25 per plane, plus weight tax.[2]
Aircraft tires tax	4.875 cents/pound	5 cents/pound.
Aircraft tubes tax	10 cents/pound	10 cents/pound.

[1] Under legislation reported by the House Committee on Ways and Means (H.R. 4800, H.R. Rep. No. 97–510), the following aviation excise taxes and rates would apply for the period, July 1, 1982 to December 31, 1983 (and the revenues would go into the Airport and Airway Trust Fund for the same period):

Air passenger ticket tax	5 percent.
Air freight waybill tax	5 percent.
International departure tax	$5 per person.
Fuels tax for noncommercial aviation (gasoline and nongasoline)	12 cents/gallon.
Aircraft tires tax	4.875 cents/pound.
Aircraft tubes tax	10 cents/pound.

[2] 3½ cents per pound for turbine-powered (jet) aircraft and 2 cents per pound for nonturbine-powered aircraft for each pound in excess of 2,500 pounds of "maximum certificated takeoff weight."

E. Environmental Excise Taxes

1. Taxes for Hazardous Substance Response Trust Fund

Overview

Under present law, excise taxes are imposed on crude oil and certain chemicals, and the revenues from these taxes are deposited into the Hazardous Substance Response Trust Fund. These provisions were enacted in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980.

The crude oil tax of 0.79 cent per barrel is imposed on the receipt of crude oil at a U.S. refinery, the import of crude oil and petroleum products, and the use or export of domestically produced crude oil (if the tax has not already been paid).

The tax on chemicals is imposed on the sale or use of 42 specified organic and inorganic substances if they are produced in or imported into the United States. The taxable chemicals generally are chemicals that are hazardous or chemicals the use of which may create hazardous products or wastes. The rates vary from 22 cents per ton to $4.87 per ton. (See table, following.)

The taxes generally will terminate on September 30, 1985. However, the taxes will be suspended during calendar years 1984 or 1985, if, on September 30, 1983, or 1984, respectively, the unobligated trust fund balance exceeds $900 million, and the unobligated balance on the following September 30 will exceed $500 million, even if these excise taxes are suspended for the calendar year in question. Further, the authority to collect taxes will terminate when cumulative receipts from these taxes reach $1.38 billion.

Tax rates on chemicals

The excise tax rates on certain chemicals are as shown in the following table.

Excise Tax Rates on Certain Chemicals

Chemical	Tax per ton
Acetylene	$4.87
Benzene	4.87
Butane	4.87
Butylene	4.87
Butadiene	4.87
Ethylene	4.87
Methane	3.44
Napthalene	4.87
Propylene	4.87
Toluene	4.87
Xylene	4.87
Ammonia	2.64
Antimony	4.45
Antimony trioxide	3.75
Arsenic	4.45
Arsenic trioxide	3.41
Barium sulfide	2.30
Bromine	4.45
Cadmium	4.45
Chlorine	2.70
Chromium	4.45
Chromite	1.52
Potassium dichromate	1.69
Sodium dichromate	1.87
Cobalt	4.45
Cupric sulfate	1.87
Cupric oxide	3.59
Cuprous oxide	3.97
Hydorchloric acid	.29
Hydrogen fluoride	4.23
Lead oxide	4.14
Mercury	4.45
Nickel	4.45
Phosphorus	4.45
Stannous chloride	2.85
Stannic chloride	2.12
Zinc chloride	2.22
Zinc sulfate	1.90
Potassium hydroxide	.22
Sodium hydroxide	.28
Sulfuric acid	.26
Nitric acid	.24

2. Tax for Post-Closure Liability Trust Fund

Effective after September 30, 1983, an excise tax of $2.13 per dry weight ton will be imposed on hazardous waste which is received at a qualified hazardous waste disposal facility and which will remain at the facility after its closure. These tax receipts are to be deposited into the Post-Closure Liability Trust Fund. These provisions were enacted in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980.

Authority to collect the tax will be suspended for any calendar year after 1984, if the unobligated balance in the Trust Fund exceeds $200 million on the preceding September 30. Further, authority to collect the tax will terminate when cumulative receipts from the crude oil and chemical excise taxes described in the previous section (pp. 8–9) reach $1.38 billion.

F. Black Lung Trust Fund Excise Taxes

Overview

Present law imposes a manufacturers excise tax on domestically mined coal (other than lignite) which is sold or used by the producer of the coal. Amounts equal to the revenues collected from this tax are automatically appropriated to the Black Lung Disability Trust Fund.[1] The coal excise tax was enacted in the Black Lung Benefits Revenue Act of 1977, and increased in the Black Lung Benefits Revenue Act of 1981.

Tax rates

The rate of tax is the lesser of (1) $1 per ton for coal from underground mines and 50 cents per ton for coal from surface mines or (2) 4 percent of the price for which the coal is sold. Present law provides that the rate of tax is to be reduced to the pre-1982 tax rates on January 1, 1996, or, if earlier, on the first January 1 after 1981 as of which there is no balance of repayable advances made to the trust fund from the general fund of the Treasury and no unpaid interest on such advances. This reduced tax rate will be the lesser of (1) 50 cents per ton for coal from underground mines and 25 cents per ton for coal from surface mines or (2) 2 percent of the price for which the coal is sold.

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[1] Misuse of a black lung benefit trust due to self-dealing (sec. 4951), expenditures for an improper purpose (sec. 4952) or excessive contributions to a trust (sec. 4953) by the producer triggers certain penalty excise taxes. Amounts equal to the revenue collected under these penalty taxes, which historically have been very small, are also automatically appropriated to the Black Lung Disability Trust Fund.

G. Gas Guzzler Tax

Overview

Present law imposes an excise tax on passenger automobiles that fail to meet prescribed fuel efficiency standards. The tax was enacted as part of the Energy Tax Act of 1978, applicable to 1980 and later model year automobiles. The tax is imposed at annually increasing rates through model year 1986. (See following table.) Revenues from the gas guzzler tax go into the general fund of the Treasury.

The tax does not apply to certain emergency vehicles or automobiles classified as nonpassenger automobiles under rules prescribed by the Secretary of Transportation. Small manufacturers of automobiles (those who produce fewer than 10,000 vehicles a year) may apply to the Secretary of Treasury for special treatment for a model year, if it is not possible for the manufacturer to meet the applicable tax-free fuel economy standards with respect to some or all of its models for that year.

Tax rates

The following table shows the gas guzzler tax for the applicable fuel economy standards in each model year for model years 1982–1986.

Rate of Gas Guzzler Tax by Model Year

Model year	Fuel economy rating (in miles per gallon)	Tax
1982	At least 18.5	0
	At least 17.5 but less than 18.5	$200
	At least 16.5 but less than 17.5	350
	At least 15.5 but less than 16.5	450
	At least 14.5 but less than 15.5	600
	At least 13.5 but less than 14.5	750
	At least 12.5 but less than 13.5	950
	Less than 12.5	1,200
1983	At least 19	0
	At least 18 but less than 19	350
	At least 17 but less than 18	550
	At least 16 but less than 17	650
	At least 15 but less than 16	800
	At least 14 but less than 15	1,000
	At least 13 but less than 14	1,250
	Less than 13	1,550
1984	At least 19.5	0
	At least 18.5 but less than 19.5	450
	At least 17.5 but less than 18.5	600
	At least 16.5 but less than 17.5	750
	At least 15.5 but less than 16.5	950
	At least 14.5 but less than 15.5	1,150
	At least 13.5 but less than 14.5	1,450
	At least 12.5 but less than 13.5	1,750
	Less than 12.5	2,150
1985	At least 21	0
	At least 20 but less than 21	500
	At least 19 but less than 20	600
	At least 18 but less than 19	800
	At least 17 but less than 18	1,000
	At least 16 but less than 17	1,200
	At least 15 but less than 16	1,500
	At least 14 but less than 15	1,800
	At least 13 but less than 14	2,200
	Less than 13	2,650
1986 and thereafter	At least 22.5	0
	At least 21.5 but less than 22.5	500
	At least 20.5 but less than 21.5	650
	At least 19.5 but less than 20.5	850
	At least 18.5 but less than 19.5	1,050
	At least 17.5 but less than 18.5	1,300
	At least 16.5 but less than 17.5	1,500
	At least 15.5 but less than 16.5	1,850
	At least 14.5 but less than 15.5	2,250
	At least 13.5 but less than 14.5	2,700
	At least 12.5 but less than 13.5	3,200
	Less than 12.5	3,850

H. Crude Oil Windfall Profit Tax

Overview

The windfall profit tax is a temporary excise tax on the removal of domestically produced taxable crude oil from the premises on which it was produced. All domestically produced taxable crude oil is classified in one of three tax tiers. The method of determining the tax is essentially the same for all tiers: the tax is equal to the taxable windfall profit multiplied by the applicable tax rate. The taxable windfall profit is generally equal to the selling price of the oil minus an adjusted base price and an adjustment for State severance taxes. The windfall profit on any barrel of crude oil cannot, however, exceed 90 percent of the net income attributable to that barrel. The applicable tax rate differs among the various tiers, as does the adjusted base price. All base prices are adjusted for inflation. Certain kinds of producers are either exempt from the tax, or are eligible for reduced rates of tax on all or part of their production. The tax was enacted in the Crude Oil Windfall Tax Act of 1980.

Oil subject to tax and rates of tax

Tier one oil generally is all oil which would have been lower or upper tier oil had previous price controls been continued, and any other oil not included in tiers two or three. Tier two oil is all oil which qualifies as stripper oil or which is attributable to production from a Petroleum Reserve.[1] Tier three oil is newly discovered oil, heavy oil, and incremental tertiary oil.

The tax rate applied to the windfall profit is 70 percent for tier one oil, 60 percent for tier two oil, and 30 percent for tier three oil. Newly discovered oil is subject to a reduced windfall profit rate. This rate, which is currently 27.5 percent, will be reduced to 15 percent by 1986. Independent producers are allowed reduced rates on up to 1,000 barrels a day of their combined production of tier one and tier two oil from working interests. For tier one oil, the reduced rate is 50 percent, and for tier two oil the reduced rate is 30 percent.

Exemptions.—State and local governments, certain qualifying charitable medical facilities, educational institutions, and certain qualifying child care facilities, and Indian tribes and Indians over whom the United States exercises trust responsibilities are exempt from the tax. There also are exemptions for new oil produced in most of Alaska, for front-end tertiary oil, for independent stripper oil, and for a certain amount of royalty owners' production.

Phaseout of tax.—The windfall profit tax phases out over a 33-month period beginning after December 31, 1987, or when cumulative revenues raised by the tax reach $227.3 billion, whichever is later. However, the phaseout will begin no later than January, 1991.

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[1] The reference contained in the Crude Oil Windfall Profit Tax Act of 1980 should have been to a "Naval" Petroleum Reserve. This reference is proposed to be corrected in the Technical Corrections Act of 1982 (H.R. 6056), which has been ordered reported by the House Committee on Ways and Means.

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I. Inland Waterways Fuel Tax

Overview

Present law imposes a retailers excise tax on diesel and other liquid fuels used by commercial cargo vessels on 26 specified inland or intracoastal waterways of the United States. Included among the 26 waterways are the Mississippi River upstream from Baton Rouge, the Mississippi's tributaries, and the Gulf and Atlantic Intracoastal Waterways. The revneues from this tax are deposited into the Inland Waterways Trust Fund. The tax was enacted in the Inland Waterways Revenue Act of 1978.

The tax does not apply to fuel used by deep-draft ocean-going vessels, recreational vessels, or noncargo vessels such as passenger vessels and fishing boats. In addition, fuel used by tugs in moving LASH and SEABEE oceangoing barges carrying international cargoes is exempt.

Tax rates

The present tax rate is 6 cents per gallon. That rate was first effective on October 1, 1981. On October 1, 1983, the rate is scheduled to increase to 8 cents per gallon. On October 1, 1985, the tax will increase to 10 cents per gallon.

J. Land and Water Conservation Fund Taxes; National Recreational Boating Safety and Facilities Improvement Fund

1. Land and Water Conservation Fund

Present law provides for the transfer of certain tax and other government receipts to the Land and Water Conservation Fund. There are no separate taxes imposed specifically for this purpose. The amounts transferred to the fund are:

(1) An amount equal to the 4-cents-per-gallon tax on gasoline and special fuels derived from such fuels used in motorboats (except for certain amounts transferred to the National Recreational Boating Safety and Facilities Improvement Fund, described below, for fiscal years 1981–1983);[1]

(2) Generally, proceeds received from any disposal of surplus real property and related personal property under the Federal Property and Administrative Services Act of 1949, as amended;

(3) Certain miscellaneous receipts under the Outer Continental Shelf Lands Act; and

(4) Revenues from Federal recreation fee collections (since January 1, 1981).

2. National Recreational Boating Safety and Facilities Improvement Fund (Boating Safety Fund)

The Secretary of the Treasury is authorized to pay into the Boating Safety Fund amounts equivalent to the motorboat fuel taxes on gasoline and special motor fuels (4 cents per gallon) received on or after October 1, 1980, and before October 1, 1983. The aggregate amount transferred to the Fund during any fiscal year is not to exceed $20 million, and no amount is to be transferred if such transfer would result in increasing the amount in the Fund to a sum in excess of $20 million. Any amount received in the Highway Trust Fund which is attributable to motorboat fuel taxes and which is not transferred from the Highway Trust Fund under these provisions is to be transferred into the Land and Water Conservation Fund provided for in Title I of the Land and Water Conservation Fund Act of 1965.

[1] See also summary of the excise taxes on gasoline and special fuels included in section C, on the Highway Trust Fund Excise Taxes.

K. Sporting Goods and Firearms Excise Taxes

Overview

1. Excise taxes on sporting goods and regular firearms

Under present law, there are excise taxes imposed on the sale by a manufacturer, producer, or importer of certain fishing equipment, bows and arrows, pistols or revolvers and other regular firearms, and ammunition (shells and cartridges). Revenues attributable to these taxes are distributed in grant programs to States for certain fish and wildlife restoration and development projects.

Tax rates

The following is a summary of the excise tax rates on sporting goods and regular firearms.

EXCISE TAXES ON SPORTING GOODS AND REGULAR FIREARMS

Item	Tax rate
Fishing equipment (rods, creels, reels, and artificial lures, bait and flies)	10 percent.
Bows and arrows (and accessories)	11 percent.
Pistols and revolvers	10 percent.
Firearms (other than pistols and revolvers)	11 percent.
Ammunition (shells and cartridges)	11 percent.

2. Excise taxes on non-regular firearms

Overview

There are also special excise taxes imposed to regulate machine guns, destructive devices (e.g., bombs, grenades, mines, etc.) and certain other firearms (e.g., shotguns or rifles under a certain length). These consist of occupational taxes (annually), transfer taxes, and a "making" (producing) tax.

Tax rates

The following is a summary of excise taxes on non-regular firearms.

EXCISE TAXES ON NON-REGULAR FIREARMS

Item	Tax rate
Occupational taxes: [1]	
Importers	$500 per year
Manufacturers	$500 per year
Dealers	$200 per year
Transfer taxes:	
Generally	$200 per transfer
Certain concealable weapons (sec. 5845(e))	$5 per transfer
Making tax	$200 per firearm

[1] An importer, manufacturer, or dealer in certain concealable weapons only are taxed (under sec. 5845(e)) as follows: $25 per year per place of business for importers and manufacturers; and $10 per year per place of business for dealers

L. Communications (Telephone) Excise Tax

Present law imposes a 1-percent excise tax on amounts paid for local telephone service, toll telephone service and teletypewriter exchange service. Revenues from the tax go into the general fund of the Treasury.

Exemptions from the tax are provided for communications services furnished to news services (except local telephone service to news services is not exempt), international organizations, the American National Red Cross, servicemen in combat zones, nonprofit hospitals and educational organizations, and State and local governments. Other exemptions include amounts paid for installation charges and for certain calls from coin-operated telephones.

This excise tax is scheduled to terminate, effective with respect to amounts paid pursuant to bills first rendered on or after January 1, 1985.

M. Wagering Excise Taxes[1]

Under the present law, a two-percent excise tax is imposed on the amount of certain wagers. For this purpose, a wager means (1) a wager placed with a person who is in the business of accepting wagers on the outcome of a sporting event or contest, (2) a wager with respect to a sporting event or contest placed in a wagering pool conducted for profit, and (3) a wager placed in a lottery conducted for profit (including the numbers and similar types of wagering). However, this excise tax is not imposed on (1) wagers placed with a parimutuel wagering enterprise licensed under State law, (2) wagers placed in coin-operated gaming devices, such as slot machines, and (3) State-conducted wagering, such as sweepstakes and lotteries. Under present law, the two-percent excise tax is imposed on so-called off-track betting authorized by State law.

In addition, an occupational tax of $500 per year is imposed on each person who is liable for the two-percent excise tax on wagers and on each person who is engaged in receiving wagers for or on behalf of such person.

[1] There is a Senate amendment to H.R. 4717, currently pending in a House-Senate conference committee, which would reduce the two-percent tax to 0.25 percent for wagers authorized by State law. Also, the $500 occupational tax would be reduced to $50 in the case of persons authorized by State and local law to accept wagers in a wagering business authorized by State law. Otherwise, the present two-percent and $500 taxes would continue to apply.

N. Miscellaneous Excise Taxes

Overview

There are several miscellaneous excise taxes under present law, including penalty excises on certain transactions or activities of certain tax-exempt organizations or other trusts, an excise tax on net investment income of private foundations, a deep seabed excise tax on certain minerals, and an excise tax on foreign insurance policies.

Specific miscellaneous excise taxes

1. Penalty excise taxes.—A number of penalty excise taxes are imposed on certain organizations or trusts if they engage in certain transactions or activities, or if they fail to take particular required actions. These excise tax sanctions (at varying rates) are imposed on certain lobbying activities of public charities, certain private foundation activities, and on black lung benefit trusts, qualified pension, etc. plans, and real estate investment trusts. Revenues from these penalty excise taxes go into the general fund of the Treasury.

2. Excise tax on private foundation net investment income.—There is a 2-percent excise tax imposed on a private foundation's net investment income. A foreign organization which is a private foundation is subject to a 4-percent excise tax on gross investment income derived from sources within the United States. Revenues from this tax go into the general fund of the Treasury.

3. Deep seabed excise tax.—An excise tax is imposed on the removal from the deep seabed of certain hard mineral resources pursuant to a deep seabed permit issued under the Deep Seabed Hard Mineral Resources Act of 1980. Hard mineral resources are mineral nodules lying on or just below the surface of the deep seabeds, which contain one or more specified minerals (manganese, nickel, cobalt, or copper).

The tax is equal to 3.25 percent of 20 percent (or 0.65 percent) of the fair market value of the commercially recoverable minerals removed. Revenues will go into the Deep Seabed Revenue Sharing Trust Fund. (No revenues are currently expected to be received prior to 1988.)

This excise tax will terminate on the earlier of the date on which an international deep seabed treaty takes effect with respect to the United States, or 10 years after the date of enactment of the Tax Act (June 28, 1980).

4. Excise tax on foreign insurance policies.—An excise tax is imposed on certain policies issued by any foreign insurer or reinsurer to or for a U.S. corporation, partnership or individual with respect to risks wholly or partly within the United States, or to or for any foreign person engaged in business within the United States with respect to risks within the United States.

The tax is imposed at the rate of: (1) 4 cents per dollar of premiums paid on the policy of casualty insurance or the indemnity bond; (2) 1 cent per dollar of premiums paid on a policy of life, sickness, or accident insurance, or annuity contract (unless the insurer is subject to tax under Code section 819); and (3) 1 cent per dollar of premiums paid on the policy of reinsurance covering any of the contracts taxable under (1) or (2) above. Revenues from the tax are deposited in the general fund of the Treasury.

III. FEDERAL EXCISE TAX REVENUES

Budget Receipts From Federal Excise Taxes for Selected Years, By Fund and By Tax, Fiscal Years 1970–1983

(Millions of dollars)

Excise tax	Actual				Estimated	
	1970	1975	1980	1981	1982	1983
Federal (General) Funds						
Alcohol taxes:						
Distilled spirits	3,445	3,830	3,919	3,819	4,182	4,080
Beer	1,076	1,305	1,545	1,604	1,672	1,644
Rectification tax[1]	25	22	8	([2])	----------	
Wines	180	172	211	244	243	245
Liquor occupational taxes	20	22	21	21	21	21
Refunds	−136	−113	−104	−82	−84	−87
Total alcohol taxes	4,610	5,238	5,601	5,606	6,034	5,903

Tobacco taxes:						
Cigarettes	2,036	2,261	2,403	2,539	2,694	2,622
Cigars	57	51	40	40	40	40
Cigarette papers and tubes	1	1	1	1	1	1
Other	1	1	3	3	3	3
Refunds	−1	−3	−4	−3	−3	−3
Total tobacco taxes	2,093	2,312	2,443	2,581	2,735	2,663
Manufacturers (non-trust fund) excise taxes:						
Gasoline	28	29	31	32	30	30
Passenger automobiles[3]	1,753	----	----	----	----	----
Firearms, shells, and cartridges	33	51	75	97	90	99
Fishing rods, creels, etc	14	22	34	23	37	40
Pistols and revolvers	7	11	22	27	27	30
Bows and arrows	----	4	6	7	7	7
Gas guzzler tax	----	----	2	(2)	1	1
Windfall profit tax	----	----	5,959	23,290	24,196	21,275
Refunds	−6	−12	−6	−18	−98	−48
Total manufacturers excise taxes	1,829	105	6,122	23,459	24,290	21,434

Footnotes at end of table.

III. FEDERAL EXCISE TAX REVENUES—Continued

Budget Receipts From Federal Excise Taxes for Selected Years, By Fund and By Tax, Fiscal Years 1970–1983—Con.

(Millions of dollars)

Excise tax	Actual				Estimated	
	1970	1975	1980	1981	1982	1983
Federal (General) Funds—Continued						
Miscellaneous excise taxes:						
General and toll telephone and teletype service	1,470	2,024	1,118	999	796	656
Transportation of persons	251					
Wagering taxes, including occupational taxes	5	6	12	13	16	20
Employee pension plans			3	5	3	3
Sugar tax [4]	113	104				
Coin-operated gaming devices [5]	14	7				
Interest equalization tax [6]	86	2				
Tax on foundations		65	68	90	80	78
Foreign insurance policies	9	19	75	75	86	97
Other (including repealed taxes)	3	1	2	1	1	1
Refunds	−24	−23	−32	−75	−20	−10
Total miscellaneous excise taxes	1,926	2,204	1,246	1,108	962	845
General fund collections associated with aviation taxes [7]				1,180	1,265	1,458
Undistributed Federal tax deposits and unapplied collections	−106	−460	152	194	143	222
Total Federal (general) fund excise taxes	**10,352**	**9,400**	**15,563**	**34,128**	**35,429**	**32,525**

Trust Funds						
Highway Trust Fund:						
Gasoline	3,447	4,069	4,011	4,016	3,978	3,928
Trucks, buses,[8] and trailers	700	602	912	664	847	1,184
Tires, inner tubes, and tread rubber	643	797	680	644	653	662
Diesel fuel used on highways	263	402	523	561	575	613
Use tax on heavy highway vehicles	137	221	277	237	264	270
Truck parts and accessories	87	143	253	234	305	338
Lubricating oil	109	100	105	101	105	105
Refunds	−32	−146	−142	−152	−145	−143
Total Highway Trust Fund taxes	5,354	6,188	6,620	6,305	6,582	6,957
Airport and Airway Trust Fund:[7]						
Transportation of persons		779	1,601			
Waybill tax		54	92			
Tax on fuels		54	70			
International departure tax		55	92			
Aircraft use tax		20	21			
Tires and innertubes taxes		1	1			
Refunds		−1	−3			
Total Airport and Airway Trust Fund taxes[7]		962	1,874	21		

Footnotes at end of table.

III. FEDERAL EXCISE TAX REVENUES—Continued

Budget Receipts From Federal Excise Taxes for Selected Years, By Fund and By Tax, Fiscal Years 1970–1983—Con.

(Millions of dollars)

Excise tax	Actual				Estimated	
	1970	1975	1980	1981	1982	1983
Black Lung Disability Insurance Trust Fund			272	237	507	612
Inland Waterways Trust Fund				20	58	67
Hazardous Substances Response Trust Fund				128	283	299
Total trust fund excise taxes	5,354	7,151	8,766	6,711	7,430	7,935
Total Excise Taxes	15,705	16,551	24,329	40,839	42,859	40,460

Note: Details may not add to totals because of rounding.

[1] The rectification tax was repealed in the Trade Agreements Act of 1979.

[2] $500,000 or less.

[3] The excise tax on passenger automobiles was repealed in the Revenue Act of 1971.

[4] The excise tax on sugar expired in 1975.

[5] The tax on coin-operated gaming devices was repealed in the Revenue Act of 1978.

[6] The interest equalization tax expired in 1974.

[7] The aviation excise taxes going into the Airport and Airway Trust Fund (July 1, 1970 through September 30, 1980) either expired or were reduced on October 1, 1980. The revenues from the current 5-percent air passenger ticket tax now go into the general fund; and the revenues from the 4-cents a gallon tax on general aviation gasoline and taxes on aircraft tires and tubes now go into the Highway Trust Fund. (The figures for 1982 and 1983 do not include the revenue effects of proposed legislation affecting the aviation excise taxes: neither Administration proposal nor H.R. 4800 as reported by the House Committee on Ways and Means).

[8] The tax on buses was repealed in the Energy Tax Act of 1978.

Source: The Budgets of the United States Government for Fiscal Years 1972, 1977, 1982, and 1983.